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The Gujarat Government Gazette

SUPPLEMENT TO THE CENTRAL GAZETTE AND CENTRAL SECTION

PUBLISHED BY AUTHORITY

VOL. LXIII] WEDNESDAY, 11th MAY, 2022/VAISHAKHA 21, 1944 [No. 40

Separate paging is given to each part of the supplement to the Central Gazette and Central section in order that it may be filed as a separate compilation

PART-II

EXTRAORDINARY

NSE IFSC LIMITED

Registered. Office : Unit no. 1201, Brigade International Financial Centre, 12th Floor,
Building No. 14-A, Block No. 14, Zone 1, GIFT SEZ, Gandhinagar, Gujarat-382355

Ref. No. NSEIFSC/REG/114287/2022.-

The Byelaws of NSE IFSC Limited are amended as under:

Chapter –Definition

The following definitions shall be inserted

- (5) “Constituent” shall have the same meaning as defined under the Regulation of the Exchange.
- (7) “IFSCA” means International Financial Services Centres Authority.
- (8) “IFSCA Act” means International Financial Services Centres Authority Act, 2019
- (10) “Liquidity Provider” means a Constituent registered under Chapter VII of the Bye laws.
- (16) “Regulator” includes IFSCA or SEBI, as may be applicable or any such appropriate authority having jurisdiction over the Exchange, Trading Members and Participants, from time to time.

The following definitions shall be modified as under

- (6) “IFSC” means International Financial Services Centre as defined under the International Financial Services Centres Authority Act, 2019.
- (9) “Issuer” includes Government, supranational, multilateral or statutory organization/institution/agency, body corporate or other entity, whether incorporated or not, which issues any security or other instrument or draws or accepts a negotiable instrument, which is admitted to dealings on the Exchange.
- (11) “Market-Maker” means a Trading Member registered under Chapter VII of the Bye laws.
- (14) “Regulations”, unless the context indicates otherwise, includes business rules, code of conduct and such other regulations prescribed by the Relevant Authority from time to time for the operations of the Exchange and these shall be subject to the provisions of the Securities Contracts (Regulation) Act, 1956 and Rules and Regulations thereunder, International Financial Services Centres Authority Act, 2019, Securities and Exchange Board of India Act, 1992 and Rules, Regulations or directions or guidelines thereunder.

- (19) "Securities" shall mean securities as permitted by Regulator from time to time to be traded on a stock exchange in IFSC.
- (20) "Securities Laws" shall include Securities Contracts (Regulation) Act, 1956 and Rules and Regulations thereunder, International Financial Services Centres Authority Act, 2019, Securities and Exchange Board of India Act, 1992 and Rules, Regulations, directions or guidelines thereunder including Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015.

For the purpose of this chapter, the serial numbers shall accordingly be renumbered.

Chapter III – Dealing in Securities

The following provisions shall be inserted

- (8) Dealings in Provisional Documents

The Relevant Authority may, in its discretion, permit dealings in provisional documents. Provisional documents for purposes of these Bye Laws and Regulations denote Coupons, Fractional Certificates, Letters of Renunciation or transferable Letters of Allotment, Acceptance or Application or options or other rights or interests in Securities, warrants issued or to be issued by an issuer or other similar documents in respect of an issuer whose Securities are sought to be admitted/admitted to dealings on the Exchange

The following provisions shall be modified as under

- 7(b) Fees

Every Issuer shall comply with the conditions of the Listing Agreement/other applicable obligation as prescribed by Exchange and/or Regulator from time to time and shall be liable to pay such fine(s) as may be prescribed by Exchange and/or Regulator from time to time for non-compliance of provisions of the Listing Agreement or any of the Regulator's Regulations dealing with listing as may be applicable to Issuers listed on Exchange.

- 11(b) Suspension of Admission to Dealings on the Exchange.

The manner of suspension and revocation of suspension of admission to dealings on the Exchange shall be in accordance with the procedures prescribed by Exchange and/ or Regulator from time to time.

For the purpose of this chapter, the serial numbers shall accordingly be renumbered.

Chapter IV: Trading Members

The following provisions shall be deleted

- (2) (i) A trading member shall not deal with sub-brokers who are not registered with SEBI nor allow operation of its trading terminal at any office other than its registered office, branch offices and the offices of its registered sub-brokers

For the purpose of this chapter, the serial numbers shall accordingly be renumbered.

Chapter VII: Trading System, Liquidity Providers, and Market Makers

The following chapter shall be renamed accordingly

Chapter VII- Trading System, Liquidity Providers, and Market Makers

The following provisions shall be modified as under

- (2) Registration of Liquidity Providers and Market Makers

- (a) Trading members or Constituent may apply to be Market Makers or Liquidity Providers in any security eligible for market making.
- (b) No Trading Member or Constituent shall act as a Market Maker or Liquidity Providers unless such Member or Constituent is approved in accordance with this Bye Law and the approval has not been suspended or cancelled. Application for registration shall be in such and with such particulars as maybe prescribed from time to time.
- (c) A Market Maker or Liquidity Provider shall apply to be registered to the Relevant Authority before commencing market making operations in each relevant security. If the Relevant Authority is satisfied, it shall within fifteen business days of receipt of such notification, designate the Market Maker or Liquidity Provider as a registered Market Maker or Liquidity Provider for that security. A registered Market Maker or Liquidity Provider shall not commence to make a market in any relevant security until one business day after notice of its registration has been disseminated through the Trading system.

- (2)(d) (ii) A registered Market Maker or Liquidity Provider in any Exchange security must:

undertake to make market for the security for as long as prescribed from time to time from the date the security becomes available for trading by public in the case of a registered Market Makers or Liquidity Provider approved under Byelaw2(b) above.

- (2)(e) A registered Market Maker or Liquidity Provider may cease making a market in a particular Exchange security any time after a minimum period as prescribed from time to time from commencement of making market in that security, after having given the required notice of intention to the Relevant Authority. The required period of notice in this case shall be fifteen business days or such other period as maybe prescribed from time to time.
- (2)(f) A registered Market Maker or Liquidity Provider may cease making a market in that security provided formal approval has been obtained from the Relevant Authority. Such approval will normally be granted in situations where, in the opinion of the Relevant Authority, it is either impractical or undesirable for the registered Market Maker or Liquidity Provider to continue to operate on account of events beyond its control.
- (3) An obligation may be imposed on a Trading Member or Constituent taking up market making operations in certain Securities to take up additional market making operations in certain other Securities as determined by the Relevant Authority from time to time.
- (4)(a) (i) such Market Maker has been or is expelled or suspended from membership of the Exchange, or is unable to comply with the Exchange's Bye Laws, Rules and Regulations or whose registration is cancelled by the IFSCA;
- (6)(d) the minimum stock of scrips which the Trading Member or Constituent must maintain, below which he must intimate the Relevant Authority;

For the purpose of this chapter, the serial numbers shall accordingly be renumbered.

Chapter IX: Rights and Liabilities of Members and Constituents

The following provisions shall be modified as under

- (2) Trading Members not bound to accept Instructions and Orders

A Trading Member may not accept instructions or orders of Constituents for purchase, sale, etc., of Securities where circumstances appear to justify such action or on reasonable grounds. Where such refusal is made, the same may be communicated to the Constituent. The Trading Member shall also furnish the Constituent the reasons for such refusal on a request being made by him/it.

- (3) Margin

A Trading Member shall have the right to demand from its Constituent the margin deposit he has to provide under these Bye Laws, Rules and Regulations in respect of the business done by it for such Constituent. A Trading Member shall also have the right to demand an initial margin in cash and/or Securities from its Constituent before executing an order and/or to stipulate that the Constituent shall make a margin deposit or furnish additional margin according to changes in market prices. The Constituent shall when from time to time called upon to do so forthwith provide a margin deposit and/or furnish additional margin as required under these Bye Laws, Rules and Regulations in respect of the business done for him/it by and/or as agreed upon by him/it with the Trading Member concerned.

- (7) No Lien on Constituent's Securities

If a Trading Member is declared a defaulter after delivering Securities on account of its Constituent, the Constituent shall be entitled to claim and on offering proof considered satisfactory by the Relevant Authority, and in the absolute discretion of the Relevant Authority, receive from the Exchange accordingly as the Relevant Authority directs either such Securities or the value thereof subject to payment or deduction of the amount if any due by him/it to the defaulter.

- (8) Complaint by Constituent

When a complaint has been lodged by a Constituent with the Relevant Authority that any Trading Member has failed to implement its dealings, the Relevant Authority shall investigate the complaint and if it is satisfied that the complaint is justified it may take such disciplinary action as it deems fit.

- (10) The Relevant Authority shall constitute an Investors' Services Committee to supervise the working of the Investors' Services Cell of the Exchange and in suitable cases attend to grievances of the Investors personally. The composition of Investors' Services Committee shall be such as may be prescribed by the Regulator.

For the purpose of this chapter, the serial numbers shall accordingly be renumbered.

Chapter XI: Default**The following provisions shall be modified as under**

- (1)(g) if it, being a company incorporated under the Companies Act, files a petition before a Court of Law for adjudication of itself as insolvent or for its winding up or an insolvency application admitted against it in accordance with the provisions of the Insolvency and Bankruptcy Code 2016 or any other analogous bankruptcy laws applicable to him/it, as the case maybe in the jurisdiction where the company is incorporated and/or has its primary place of business.
- (2) Without prejudice to the foregoing, if a Trading Member is either expelled or declared a defaulter by any other recognised stock exchange on which it is a member or if the registration certificate is cancelled by Regulator, the said Trading Member may be expelled from the Exchange.

Notwithstanding anything contained in this Byelaw, the trading facility of the member shall be withdrawn immediately after the receipt of information of expulsion /default by any other stock exchange or cancellation of registration certificate by Regulator.

- (12) Vesting of assets in the Exchange

The Defaulters' Committee shall call in and realise the security deposits in any form, other amounts lying to the credit of and Securities deposited by the defaulter and recover all moneys, Securities and other assets due, payable or deliverable to the defaulter by any other Trading Member in respect of any transaction or dealing made subject to the Bye-laws, Rules and Regulations of the Exchange and such assets shall vest ipso facto, on declaration of any Trading Member as a defaulter, in the Exchange for the benefit of and on account of any dues of the Exchange, NSE IFSC Clearing Corporation Limited, IFSCA, other Trading Members, Constituents and registered sub-brokers of the defaulter, approved banks and any other persons as may be approved by the Defaulters' Committee and other recognised stock exchanges.

- (20)(a) Dues to the Exchange, NSE IFSC Clearing Corporation Limited and IFSCA

The payment of such subscriptions, debts, fines, fees, charges and other moneys due to the Exchange, NSE IFSC Clearing Corporation Limited, IFSCA, in the order in which their names appear herein;

- (27) The Defaulters' Committee for the purpose of this Chapter shall be a Committee as may be constituted by the Board of Directors from time to time. The composition of Defaulters' Committee shall be such as may be prescribed by Regulator.

For the purpose of this chapter, the serial numbers shall accordingly be renumbered.

Chapter XII: Investor Protection Fund**The following provisions shall be modified as under**

- (2) Subject to this Part, the amount which any claimant shall be entitled to claim as compensation shall be the amount of the actual loss suffered by him/it less the amount or value of all monies or other benefits received or receivable by him/it from any source in reduction of the loss.
- (4) The Trust shall have the power to utilise corpus and interest earned on the corpus of the IPF for meeting expenses or claims relating to services provided to investors as stipulated by Regulator or Board from time to time.
- (6) The Exchange shall publish in all editions of at least one English national daily with wide circulation, a notice specifying a date not being less than 3 months after the said publication, on or before which claims for compensation shall be made in relation to the defaulter specified in the notice. The notice shall contain the specified period, the maximum compensation limit for a single claim of a claimant, etc. The said notice shall also be displayed on the premises of the Exchange as well as on the website of the Exchange for the entire specified period.
- (11) The Trust may at any time and from time to time require the claimant to produce and deliver any Securities, documents or statements of evidence necessary to support any claim made or necessary for the purpose of establishing its claims and in default of delivery of any such Securities, documents or statements of evidence by such claimant, the Trust may disallow any claim by him/it under this Chapter.
- (18) The balance of the IPF lying unutilised with the Trust shall continue to be utilised only for such purposes as prescribed by Regulator. In the event of winding up of the Exchange, the balance lying unutilised with the Trust shall be transferred to Regulator. The funds will be maintained in a separate account and Regulator would act as Trustee of these funds to be utilised for purposes of investor education, awareness and research.

For the purpose of this chapter, the serial numbers shall accordingly be renumbered.

Chapter XIII: Segregated Nominee Account Provider

The following provisions shall be modified as under

- (1)(c) A Segregated Nominee Account Provider in the Exchange must undertake to comply with the guidelines specified by the Relevant Authority from time to time on areas including but not limited to, end clients registration, obtaining information and furnishing their client related information to Regulator and / or the Exchange, as and when so required.
- (2)(a) (i) Such Segregated Nominee Account Provider fails to fulfill the eligibility criteria as prescribed by the Relevant Authority / the Exchange /Regulator from time to time; or
- (2)(a) (ii) Such Segregated Nominee Account Provider fails to comply with the Exchange's Bye Laws, Rules and Regulations or any other operational requirements specified by the Relevant Authority /Regulator from time to time; or
- (2)(a) (iii) Such Segregated Nominee Account Provider's registration is cancelled by the Regulator; or

For the purpose of this chapter, the serial numbers shall accordingly be renumbered.

Chapter XIV- Miscellaneous

The following provision shall be inserted

- (2) The Relevant Authority shall have the power to introduce additional chapters under these Byelaws to facilitate trading of such products as may be required pursuant to entering into arrangements with other exchanges, domestic or abroad.

The following provisions shall be modified as under

- (3) Trading Members have an obligation as the Trading Members of the Exchange to inform the Relevant Authority of the Exchange and the Regulator about insider trading, information on takeover and other such information/ practices as may be construed as being detrimental to the efficient operations of the Exchange and as may be required under Rules and Regulations, prescribed by the appropriate Regulator.

For the purpose of this chapter, the serial numbers shall accordingly be renumbered.

Chapter XV- SPV

The following new chapter shall be inserted

The provisions of this Chapter XV have been incorporated in view of the regulatory dispensations granted by, among others, Monetary Authority of Singapore, SEBI and the IFSC Authority in favour of the Exchange and/or the SPV ("Regulatory Dispensations") and shall apply only to the trades routed through the SPV.

- (1) For the purpose of this Chapter, the following terms shall have the meanings as prescribed hereunder:

"Collaboration Agreement" shall mean the agreement dated September 22, 2020 entered into among National Stock Exchange of India Limited, Singapore Exchange Limited, NSE IFSC Limited, NSE Indices Limited, Singapore Exchange Derivatives Trading Limited and Singapore Exchange Securities Trading Limited, including all appendices.

"Connect" shall mean and include the trading system to be provided for trading Eligible Securities, on the Exchange by international clients and global market participants.

"SPV" shall mean the special purpose vehicle established by SGX International Pte. Ltd. a wholly owned subsidiary of Singapore Exchange Limited in GIFT City, and which shall be a Trading Member of the Exchange and Self-Clearing Member of the Clearing Corporation.

"Eligible Securities" shall mean and include all Nifty equity index products listed on NSE IFSC Limited which are included on the Connect and traded through the SPV to begin with and based on the Connect's success, the Exchange shall, in a phased manner, discuss a collaboration on the other India-access products, as may be decided from time to time.

"Connect Rules" shall mean the separate chapter in the Rules of the Exchange which shall be applicable only to the SPV.

“Connect Regulations” shall mean the separate chapter in the Regulations of the Exchange which shall be applicable only to the SPV.

“Operational Agreement” shall mean the agreement dated March 28, 2022 entered into among NSE IFSC Limited, NSE IFSC Clearing Corporation Limited, SGX India Connect IFSC Private Limited, and Singapore Exchange Derivatives Clearing Limited, including all appendices.

- (2) The SPV trading in Eligible Securities through the Connect shall comply with the provisions of this Chapter XV as well as Chapter XIV hereof and the Connect Rules and Connect Regulations. Further, the provisions of other Chapters of these Bye-laws not expressed to be applicable to the SPV shall be inapplicable; and where such Bye-laws are expressed to be applicable, they shall apply to the SPV only to the extent consistent with the Regulatory Dispensations, the Connect Rules, Connect Regulations, Collaboration Agreement, Operational Agreement and such other principles and procedures agreed between the Exchange and the SPV.
- (3) The Exchange and the SPV shall mutually agree upon operational parameters for the purposes of trading through the Connect, which shall form part of the Connect Regulations, as may be required from time to time. Further, the Connect Regulations shall also reflect the Regulatory Dispensations for the purpose of trading through the Connect.
- (4) The Exchange shall not provide any arbitration or any other dispute resolution mechanism for resolution of disputes between the SPV and any other party dealing with the SPV, including SGX members and/or their clients, who shall not be considered as constituents of the SPV for the purposes of the Byelaws, Rules and Regulations of the Exchange.
- (5) Any resolution mechanism for the disputes between the SPV and the Exchange or any other parties to the Operational Agreement or the Collaboration Agreement shall be as specified in the respective agreements.
- (6) The Exchange reserves the right to waive or amend Rules/ Regulations to suit the requirements of the SPV, unless the Rules/Regulations state that Exchange will not waive or amend it, and provided that such actions are consistent with the Regulatory Dispensations, Collaboration Agreement and Operational Agreement.

The Rules of NSE IFSC Limited are amended as under:

Chapter I- Board

The following provisions shall be modified as under

- (1) The Board of Directors (herein referred to as Board) of NSE IFSC Limited, constituted in accordance with the provisions of the Articles of Association of the Company, may organise, maintain, control, manage, regulate and facilitate the operations of the Exchange and of securities transactions by trading members of the Exchange, subject to the provisions of the Securities Contracts (Regulation) Act, 1956 and Rules and Regulations thereunder, Securities and Exchange Board of India Act, 1992, International Financial Services Centres Authority Act, 2019 and Rules, Regulations or directions or guidelines thereunder and the regulations or directives which any other relevant regulatory/statutory authority may prescribe from time to time.
- (2) Subject to the provisions of the Securities Contracts (Regulation) Act, 1956 and Rules and Regulations thereunder, the Securities and Exchange Board of India Act, 1992, International Financial Services Centres Authority Act, 2019 and Rules, Regulations or directions or guidelines thereunder and the regulations or directives which any other relevant regulatory/statutory authority may prescribe from time to time, the Board is empowered to make Bye Laws, Rules and Regulations from time to time, for all or any matters relating to the conduct of business of the Exchange, the business and transactions of trading members between trading members inter-se as well as the business and transactions between trading members and persons who are not trading members, and to control, define and regulate all such transactions and dealings and to do such acts and things which are necessary for the purposes of the Exchange.
- (3) Directors of NSE IFSC Limited shall be appointed in accordance with the provisions of the Articles of Association of the Company as amended from time to time and in particular, provisions of Articles 116, 116A, 117, 118(A), 118(AA), 118(B), 119, 120 thereof. Any such appointment of Directors shall be considered as one being made under the provisions of these rules.
- (4) Without prejudice to the generality of the foregoing, the Board is empowered to make Regulations, subject to the provisions of the Securities Contracts (Regulation) Act, 1956 and Rules and Regulations thereunder, the Securities and Exchange Board of India, International Financial Services Centres Authority Act, 2019 and Rules, Regulations or directions or guidelines thereunder, for all or any of the following matters:

- (8) Subject to the provisions of the Securities Contracts (Regulation) Act, 1956 and Rules and Regulations thereunder, the Securities and Exchange Board of India Act, 1992, International Financial Services Centres Authority Act, 2019 and Rules, Regulations or directions or guidelines thereunder, the Board is empowered to vary, amend, repeal or add to Bye Laws, Rules and Regulations framed by it.

The following provisions shall be deleted

- (2) Directors of the NSE IFSC Limited shall be appointed in accordance with the provisions of the Articles of Association of the Company as amended from time to time and in particular, provisions of Articles 116, 116A, 117, 118(A), 118(AA), 118(B), 119, 120 thereof. Any such appointment of Directors shall be considered as one being made under the provisions of these rules.

For the purpose of this chapter, the serial numbers shall accordingly be renumbered.

Chapter III- Trading Membership

The following provisions shall be inserted

- (21)(c) has no insolvency proceedings admitted against him/it in a Court or has not been declared insolvent by any Court;

The following provisions shall be modified as under

- (2) All trading members of the Exchange shall have to register themselves prior to commencing operations on the Exchange, with the International Financial Services Centres Authority (IFSCA) or any such appropriate authority having jurisdiction over the Exchange and Trading Members, from time to time.
- (3) The following persons shall be eligible to become trading members of the Exchange:
- as provided under IFSCA (Capital Market Intermediaries) Regulation ,2021 or as may be amended from time to time;
 - any other entity as may be permitted by the IFSCA from time to time

No person shall be eligible to be admitted to the trading membership of the Exchange unless the person satisfies:

- any other entity as may be permitted by the IFSCA from time to time
 - the requirements prescribed in that behalf under the Securities Contracts (Regulation) Act, 1956, and the Rules framed thereunder and under the Securities and Exchange Board of India Act, 1992, International Financial Services Centres Authority Act, 2019, and
 - such additional eligibility criteria as IFSCA or relevant authority may prescribe from time to time.
- (11) The relevant authority may at any time from the date of admission to the trading membership of the Exchange cancel the admission and expel a trading member if it has in or at the time of its application for admission to membership or during the course of the inquiry made by the relevant authority preceding its admission:
- suppressed any material information required of him/it as to his/its character and antecedents; or
- (12) When an applicant is admitted to the trading membership of the Exchange, intimation of the applicant's admission shall be sent to the applicant and to the IFSCA. If the applicant admitted to the membership of the Exchange and after intimation of its admission is duly sent, does not become a member by complying with acts and procedures for exercising the privileges of membership as may be prescribed by the relevant authority within a specified time period from the date of dispatch of the intimation of admission, the admission fee paid by applicant shall be forfeited by the Exchange.
- (15) A trading member shall not assign, mortgage, pledge, hypothecate or charge its right of membership or any rights or privileges attached thereto and no such attempted assignment mortgage, pledge, hypothecation or charge shall be effective as against the Exchange for any purpose, nor shall any right or interest in any trading membership other than the personal right or interest of the trading member therein be recognised by the Exchange. The relevant authority shall expel any trading member of the Exchange who acts or attempts to act in violation of the provisions of this Rule.
- (17) Save as otherwise provided in the Bye Laws, Rules and Regulations of the Exchange if a member fails to pay its annual subscription, fees, charges or other monies which may be due by him/it to the Exchange within such time as the relevant authority may prescribe from time to time after notice in writing has been served upon him/it by the Exchange, he may be suspended by the relevant authority until he makes payment and if within a further period of fifteen days he fails to make such payment, he may be expelled by the relevant authority.

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- (19) A trading member's right of membership shall lapse and vest with the Exchange immediately he is declared a defaulter. The member who is declared a defaulter shall forfeit all its rights and privileges as a member of the Exchange, including any right to use of or any claim upon or any interest in any property or funds of the Exchange, if any.
- (21) The relevant authority may readmit only such defaulter which in its opinion:
- (b) has no winding up proceedings against him/it in a Court or has not been wound up by any Court;
 - (f) has been irreproachable in its general conduct.

The following provisions shall be deleted

- (4) Certification

No company or any other entity shall be eligible to be admitted to the trading membership of the Exchange unless two of the designated directors have passed the Certification Programme conducted by the Exchange or such other institution as determined by the Exchange from time to time.

For the purpose of this chapter, the serial numbers shall accordingly be renumbered.

Chapter IV- Disciplinary Proceedings, Penalties, Suspension and Expulsion

The following provisions shall be modified as under

- (4)(f) Unwarrantable Business: If it engages in reckless or unwarrantable or unbusiness like dealings in the market or effects purchases or sales for its constituent's account or for any account in which it is directly or indirectly interested which purchases or sales are excessive in view of its constituent's or its own means and financial resources or in view of the market for such security;
 - (5)(c) Business for Insolvent: If without first obtaining the consent of the relevant authority it directly or indirectly is interested in or associated in business with or transacts any business with or for any individual who has been insolvent even though such individual shall have obtained its final discharge from an Insolvency Court;
 - (5)(k) Dealings with entities prohibited to buy or sell or deal in securities market: If it deals, directly or indirectly, in the course of its business with or transacts any business with or for any entity, which has been prohibited by IFSCA to buy or sell or deal in the securities market.
- (15) Effect of suspension of registration by IFSCA

Notwithstanding anything contained in any of the Byelaws and Rules of the Exchange, if the registration of a Trading Member is suspended by IFSCA, such Trading Member shall ipso facto stand suspended from the trading membership of the Exchange for the period of suspension, so imposed by IFSCA or till such suspension is in force.

- (22)(d) Fulfilment of Contracts: The expelled trading member shall be bound to fulfill transactions outstanding at the time of its expulsion and it may with the permission of the relevant authority close such outstanding transactions with or through a trading member;
- (26) The Relevant authority for the purpose of this Chapter shall be the Disciplinary Action Committee as may be constituted by the Board of Directors from time to time. The Composition of Disciplinary Action Committee shall be such as may be prescribed by IFSCA

Chapter V- SPV

The following new chapter shall be inserted

The provisions of this Chapter V have been incorporated to provide for the activities and responsibilities of the SPV to whom these rules shall apply and in view of the regulatory dispensations granted by, among others, Monetary Authority of Singapore, SEBI and the IFSC Authority in favour of the Exchange and/or the SPV ("Regulatory Dispensations") and shall apply only to the trades routed through the SPV. The provisions of other Chapters of these Rules not expressed to be applicable to the SPV shall be inapplicable; and where such Rules are expressed to be applicable, they shall apply to the SPV only to the extent consistent with the Regulatory Dispensations, Connect Regulations, Collaboration Agreement, Operational Agreement and such other principles and procedures agreed between the Exchange and the SPV; Provided however, that the SPV shall be bound to comply with such rules as have been agreed between the Exchange and the SPV to form a part of these Rules and/or issued by way of notification/circular by the Exchange to all Trading Members and also specifically applicable to the SPV.

- (1) For the purpose of this Chapter, the capitalized terms shall have the meanings as prescribed in the Bye – Laws of the Exchange.

- (2) The SPV shall be bound to comply with the following provisions inter-alia from the relevant chapters under the Bye-Laws of the Exchange:

a. Definitions:

- i. "Board" means Board of Directors of the Exchange.
- ii. "Collaboration Agreement" shall mean the agreement dated September 22, 2020 entered into among National Stock Exchange of India Limited, Singapore Exchange Limited, NSE IFSC Limited, NSE Indices Limited, Singapore Exchange Derivatives Trading Limited and Singapore Exchange Securities Trading Limited, including all appendices.
- iii. "Exchange" means the Stock Exchange(s) operated by NSE IFSC Limited.
- iv. "Committee" means the Committee of the Exchange formed in accordance with Chapter I of the Bye-Laws.
- v. "IFSC" means International Financial Services Centre as defined under the International Financial Services Centres Authority Act, 2019.
- vi. "Operational Agreement" shall mean the agreement dated March 28, 2022 entered into among NSE IFSC Limited, NSE IFSC Clearing Corporation Limited, SGX India Connect IFSC Private Limited, and Singapore Exchange Derivatives Clearing Limited, including all appendices.
- vii. "Regulations" unless the context indicates otherwise, includes business rules, code of conduct and such other regulations prescribed by the relevant authority from time to time for the operations of the Exchange and these shall be subject to the provisions of the Securities Contracts (Regulation) Act, 1956 and Rules and Regulations thereunder; Securities and Exchange Board of India Act, 1992; International Financial Services Centres Authority Act, 2019 and Rules, Regulations or directions or guidelines thereunder.
- viii. "Relevant Authority" means the Board or such other authority as specified by the Board from time to time as relevant for a specified purpose.
- ix. "Regulator" includes SEBI or International Financial Services Centres Authority (IFSCA), as may be applicable or any such appropriate authority having jurisdiction over the Exchange and Trading Members, from time to time.
- x. "Rules" unless the context indicates otherwise, means these rules for regulating the activities and responsibilities of Trading Members of the Exchange and as prescribed by the relevant authority from time to time for the constitution, organisation and functioning of the Exchange and these rules shall be subject to the provisions of the Securities Law.
- xi. "Securities" shall mean securities as permitted by SEBI from time to time to be traded on a stock exchange in IFSC.
- xii. "Securities Laws" shall include Securities Contracts (Regulation) Act, 1956 and Rules and Regulations thereunder, Securities and Exchange Board of India Act, 1992; International Financial Services Centres Authority Act, 2019 and Rules, Regulations, directions or guidelines; thereunder including Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015.
- xiii. "Trading Member" means a Stockbroker and the member of the Exchange registered in accordance with Chapter IV of the Bye-Laws and for the purposes of this Chapter V of the Rules shall mean and include the SPV.

b. Chapter I - Committee

- i. Committee(s) shall be appointed by the Board for the purposes of managing the day to day affairs of the Exchange in such manner as laid down in the Rules.
- ii. The Committee(s) of the Exchange shall have such responsibilities and powers as maybe delegated to it by the Board as provided for in the Rules.

c. Chapter II- Regulations

The Relevant Authority may prescribe Regulations from time to time for the functioning and operations of the Exchange and to regulate the admission, functioning, operations of the trading members of the Exchange.

d. Chapter III – Dealings in Securities**Admission of Securities to Dealings**

- (2)(a) Dealings are permitted on the Exchange in accordance with the provisions prescribed in the Bye Laws and Regulations in that behalf, in securities which are, from time to time, listed or permitted to trade on the Exchange by the relevant authority.
- (b) Admission of securities to listing on the Exchange shall be in accordance with provisions prescribed in the Bye Laws and Regulations in that behalf.
- (c) The relevant authority may admit from time to time securities which are permitted to trade on the Exchange.

Specific Deals

The relevant authority may permit specific deals to be made in the case of securities of Issuers not admitted to dealings on the Exchange, which for the time being are prohibited or suspended for dealings.

Prohibited Dealings

The relevant authority may prohibit dealings on the Exchange in any security or securities for any cause.

e. Chapter IV- Trading Members

- 1(a) The Relevant Authority is empowered to admit Trading Members in accordance with the Bye Laws, Rules and Regulations it may frame from time to time in accordance with the Securities Laws.
- (b) The relevant authority may specify prerequisites, conditions, formats and procedures for application for admission, termination, re-admission, etc. of trading members to the Exchange.
- (c) The SPV shall be required to ensure compliance with applicable law, as applicable to it from time to time, including in relation to the payment of membership fees, transaction fees, security deposit, or such other fees or charges and deposits as may be specified by the Exchange/Clearing Corporation of the Exchange. Further, the SPV, as an entity incorporated in GIFT IFSC, and as a member of the Exchange and the Clearing Corporation, will be subject to supervision and oversight of the Regulator, Exchange and the Clearing Corporation including all relevant Bye laws, Rules and Regulations of the Exchange and the Clearing Corporation, as applicable to it. The fees, security deposits, other monies and any additional deposits paid, whether in the form of cash, Bank Guarantee, Securities or otherwise, with the Exchange, by a trading member from time to time, shall be subject to a first and paramount lien for any sum due to the Exchange and all other claims against the trading member for due fulfillment of engagements, obligations and liabilities of trading members arising out of or incidental to any dealings made subject to the Byelaws, Rules and Regulations of the Exchange. The Exchange shall be entitled to adjust or appropriate such fees, deposits and other monies for such dues and claims, to the exclusion of the other claims against the trading member, without any reference to the trading member.

Conditions:

Trading members shall comply with such Exchange requirements as may be prescribed by the relevant authority from time to time with regard to advertisements and issue of circulars in connection with their activities as trading members, including but not limited to the following:

- (i) Trading members shall furnish such information and periodic returns pertaining to their operations as may be required by the relevant authority from time to time.
- (ii) Trading members shall furnish to the extent such audited and/or unaudited financial or quantitative information and statements as may be required by the relevant authority from time to time.
- (iii) Trading members shall extend full co-operation and furnish such information and explanation as may be required for the purpose of any inspection or audit authorised by the relevant authority or other authorised official of the Exchange into or in regard to any trades, dealings, their settlement, accounting and/or other related matters, subject to the Regulatory Dispensations, Collaboration Agreement and Operational Agreement.

f. Chapter VI - Dealings by Trading Members**i. Jurisdiction**

- 1(a) Any deal entered into through automated trading system of the Exchange or any proposal for buying or selling or any acceptance of any such proposal for buying and selling shall be deemed to have been entered at the computerized processing unit of the Exchange at IFSC and the place of contracting as between the trading members shall be at IFSC. The provisions of this Rule shall not object the jurisdiction of any court deciding any dispute as between trading members and their constituents to which the Exchange is not a party.
- (b) The record of the Exchange as maintained by a central processing unit or a cluster of processing units or computer processing units, whether maintained in any register, magnetic storage units, electronic storage optical storage units or computer storage units or in any other manner shall constitute the agreed and authentic record in relation to any transaction entered into through automated trading system. For the purposes of any dispute the record as maintained by the computer processing units by the Exchange shall constitute valid evidence in any dispute or claim between the constituents and the trading member of the Exchange or between the Trading members of the Exchange inter-se.

ii. Indemnity

The Exchange shall not be liable for any unauthorized dealings on the Exchange by any persons acting in the name of trading member(s)

iii. Trading Members Only Parties to Trades

- (a) The Exchange does not recognize as parties to any deal any persons other than its own trading members, and
- (b) Every trading member is directly and wholly liable, in accordance with the Bye Laws, Rules and Regulations of the Exchange, to every other trading member with/for whom such trading member effects any deal on the Exchange for due fulfillment of the deal.

iv. All Dealings Subject to Bye Laws, Rules and Regulations

All dealings in securities on the Exchange shall be deemed made subject to the Bye Laws, Rules and Regulations of the Exchange and this shall be a part of the terms and conditions of all such deals and the deals shall be subject to the exercise by the relevant authority of the powers with respect thereto vested in it by the Bye Laws, Rules and Regulations of the Exchange.

v. Restriction on the trading members

Unless the Exchange otherwise specifies, a Trading Member shall not become a constituent of another Trading Member. In such cases, the Exchange and/or Clearing Corporation of the Exchange may restrict the trading activity of the SPV with reasonable cause and with 14 days' prior notice (save where a shorter time period is required under a relevant regulatory requirement).

vi. Trade annulment:

All the dealings in securities on the Exchange shall be inviolable and any proposal or request to annul a trade undertaken by the SPV shall be considered in accordance with the rules, regulations and bye-laws of the Exchange as applicable to the SPV or any other circulars/notifications as may be issued in this regard by the appropriate authority from time to time, regarding the trade annulment. Notwithstanding the above, the Exchange may, in order to protect the interests of the investors in securities or and for proper regulation of the securities market, suo motu annul the trades undertaken by the SPV at any time in line with the process and procedure envisaged in applicable bye-laws, rules and regulations.

g. Chapter VIII- Transactions and Settlements**Transactions****Business Hours**

- (1) The business hours for dealing in the Exchange Securities on the Exchange shall be during such time as may be decided by the relevant authority from time to time. The relevant authority may, from time to time, specify business hours for different types of deals.
- (2) The relevant authority may declare a list of holidays in a calendar year. The relevant authority may from time to time alter or cancel any of the Exchange holidays fixed in accordance with these provisions. It may, for reasons to be recorded, close the market on days other than or in addition to holidays.

Operational Parameters for Trading

- (3) The relevant authority may determine and announce from time to time operational parameters regarding dealing of securities on the Exchange which trading members shall adhere to.

Clearing and Settlement through a recognized Clearing Corporation

The trades executed on the Exchange, as specified by the relevant authority, may be cleared and settled through the recognized Clearing Corporation and in such manner as provided in the Operational Agreement. In such an eventuality, the clearing and settlement of such trades on the recognised Clearing Corporation in IFSC shall be subject to the relevant Byelaws of the recognized Clearing Corporation, and in such manner as provided in the Operational Agreement. In case of a conflict between the Rules, Byelaws, Regulations and Circulars issued thereunder by the Exchange and the Rules, Byelaws, Regulations and Circulars issued thereunder by the Clearing Corporation in so far as the clearing and settlement is concerned, the relevant Byelaws issued thereunder of the Clearing Corporation shall prevail.

h. Chapter IX- Rights and Liabilities of Members and Constituents**All Contracts subject to Bye Laws, Rules and Regulations**

All contracts relating to dealings permitted on the Exchange made by a trading member shall in all cases be deemed made subject to the Bye Laws, Rules and Regulations of the Exchange. This shall be a part of the terms and conditions of all such contracts including agreement/s entered into with the SPV and shall be subject to the exercise by the relevant authority of the powers with respect thereto vested in it by the Bye Laws, Rules and Regulations of the Exchange.

- (3) The relevant authority may expel or suspend and/or penalize/ fine under censure and/or warn and/or withdraw any of the membership rights of a trading member if it be guilty of contravention, non-compliance, disobedience, disregard or evasion of any of the Bye Laws, Rules and Regulations of the Exchange or of any resolutions, orders, notices, directions or decisions or rulings of the Exchange or the relevant authority or of any other Committee or officer of the Exchange authorised in that behalf.

FOR NSE IFSC LIMITED

Bhawika Wanchoo
Head Regulatory

NSE IFSC CLEARING CORPORATION LIMITED

Regd. Office: Unit no. 1202, Brigade International Financial Centre, 12th Floor,
Block No. 14, Zone 1, GIFT SEZ, Gandhinagar, Gujarat – 382355

Ref. No. NICCL/2022-23/114289/2022.-

The Byelaws of NSE IFSC Clearing Corporation Limited are amended as under:

Chapter –Definition**The following definitions shall be inserted****1. AUTHORITY**

“Authority” means the International Financial Services Centres Authority established under sub-section (1) of section 4 of the IFSCA Act.

The following definitions shall be modified as under**10. DELIVERING MEMBER**

“Delivering Member” means a clearing member who has to deliver or has delivered documents including original share/bond/other securities certificates, transfer documents etc. as required for delivery in fulfillment of contract to which these Rules, Bye Laws and Regulations apply unless the context indicates otherwise.

11. RECEIVING MEMBER

“Receiving Member” means a clearing member who has to receive or has received documents including original share/bond/other securities certificates, transfer documents as required for delivery in fulfillment of contracts to which these Rules, Bye Laws and Regulations apply unless the context indicates otherwise.

14. NETTING

Netting means the determination by Clearing Corporation of net payment or delivery obligations of the clearing members of a Clearing Corporation by setting off or adjustment of the inter-se obligations or claims arising out of buying and selling of securities, including the claims and obligations arising out of the determination by the clearing corporation or stock exchange, on the insolvency, winding-up, liquidation or resolution of any clearing member or trading member or client or such other circumstances as the clearing corporation may specify in its bye-laws, of the transactions admitted for settlement at a future date, so that only a net claim be demanded, or a net obligation be owed.

15. NOVATION

“Novation” means the act of a Clearing Corporation interposing between the parties of every trade, so as to be the legal counterparty.

20. SECURITIES

“Securities” shall mean securities as permitted by Authority from time to time to be traded on a stock exchange in IFSC

Note : The terms defined above shall mean the same when used in lower case in the Rules, Bye Laws and Regulations, unless the context indicates otherwise.

Chapter III – Clearing Members**The following provisions shall be inserted**

1. The relevant authority is empowered to admit Clearing Members in accordance with Rules and Regulations subject to the minimum financial requirements prescribed by Authority. Such Clearing Members shall pay such fees, security deposits and other monies as may be specified by the relevant authority from time to time, on admission as Clearing Members and for continued admission.

CHAPTER IV : CLEARING AND SETTLEMENT OF DEALS

4. REFUSAL OF ADMISSION OF DEALS

The relevant authority may, in its discretion, defer, or approve admission of deals or reject admission of deals for clearing and settlement, subject to such terms as it deems fit.

9(A). Settlement Finality

- i. The payment and settlement in respect of a deal shall be determined in accordance with the netting or gross procedure as specified by the relevant authority with the prior approval of Authority in the circulars issued from time to time.

CHAPTER VI: MARGINS

10. FEES & CHARGES

The relevant authority may prescribe from time to time fees and charges to be levied on the clearing members in respect of clearing and settlement of deals.

CHAPTER VIII : SETTLEMENT GUARANTEE FUND

2. CONTRIBUTION TOWARDS SETTLEMENT GUARANTEE FUND

- (1) The contributions of various contributors including specified Exchange to Settlement Guarantee Fund shall be subject to circulars/directions issued by Authority from time to time and as specified by Clearing Corporation. Clearing Corporation shall have the flexibility to collect Clearing Member primary contribution either upfront or staggered over a period of time. In case of staggered contribution, the remaining balance shall be met by Clearing Corporation to ensure adequacy of Settlement Guarantee Fund corpus at all times. Such Clearing Corporation contribution shall be available to Clearing Corporation for withdrawal as and when further contributions from Clearing Members are received;
- (4) Clearing Corporation shall ordinarily accept cash collateral for Settlement Guarantee Fund contribution. However, Clearing Corporation may accept Clearing Member contribution in the form of bank FDs. Clearing Corporation shall adhere to specific guidance which may be issued by Authority from time to time in this regard.

6. UTILISATION IN CASE OF DEFAULT

* The Relevant Authority shall specify from time to time the Minimum Required Corpus (MRC) of the Settlement Guarantee Fund of the Clearing Corporation in accordance with the norms prescribed by Authority from time to time.

CHAPTER IX: DEFAULT

1. DECLARATION OF DEFAULT

The expression “Associate” for the purpose of the above Byelaw shall have the meaning as maybe defined by Authority from time to time.

2. APPLICATION OF ASSETS

(a) Dues to the Clearing Corporation, the relevant Specified Exchange, Authority.

The payment of such subscriptions, debts, fines, fees, charges and other money/ies due to Clearing Corporation, the relevant Specified Exchange and Authority on a pro-rata basis,

Chapter XI – NSE IFSC-SGX Connect**DEFINITIONS**

1. Collaboration Agreement

Collaboration Agreement shall mean the agreement dated September 22, 2020 entered into among National Stock Exchange of India Limited, Singapore Exchange Limited, NSE IFSC Limited, NSE Indices Limited, Singapore Exchange Derivatives Trading Limited and Singapore Exchange Securities Trading Limited, including all appendices.

2. SPV

“SPV” shall mean the special purpose vehicle established by SGX International Pte. Ltd., a wholly owned subsidiary of Singapore Exchange Limited in GIFT City, and which shall be a Trading Member of the Exchange and Self-Clearing Member of the Clearing Corporation.

3. SGX-DC

“SGX-DC” shall mean Singapore Exchange Derivatives Clearing Limited, a wholly owned subsidiary of Singapore Exchange Limited which operates as a clearing corporation duly approved by the Monetary Authority of Singapore.

4. Connect

Connect shall mean the trading and clearing link called “NSE IFSC-SGX Connect” in GIFT IFSC, operated by NSE IFSC, NICCL and SPV, so as to enable the trading and clearing members of SGX-DT and SGX-DC respectively, to undertake and clear trades or positions in the contracts in respect of the Products on NSE IFSC or NICCL through the SPV, which shall be governed by and operated in accordance with the Operational Agreement.

5. Operational Agreement

Operational Agreement shall mean the agreement dated March 28, 2022 entered into among NSE IFSC Limited, NSE IFSC Clearing Corporation Limited, SGX India Connect IFSC Private Limited, and Singapore Exchange Derivatives Clearing Limited, including all appendices.

6. Products

Products shall mean all products which are part of the Connect, as set out in Point 1 of Appendix 2 of the Collaboration Agreement, and as may be mutually agreed by the Parties of the Collaboration Agreement from time to time.

7. All other definitions as contained in Chapter 1 of the Byelaws shall be applicable to the Connect. However, in case of any differences in the definitions of the terms between the Byelaws and/or the Collaboration Agreement and/or the Operational Agreement, the definitions in the Operational Agreement shall prevail.

8. Notwithstanding anything contained in byelaw 6 above, the term Relevant Authority for the purpose of this chapter shall mean the Board or such other authority as specified by the Board from time to time as relevant for a specified purpose.

APPLICABILITY OF THIS CHAPTER

9. The provisions of this chapter shall be applicable exclusively to SPV as a Clearing Member pursuant to the Connect and shall not be applicable to any other Clearing Member.

10. The provisions of this chapter have been incorporated in view of the regulatory dispensations granted by, among others, Monetary Authority of Singapore, SEBI and the Authority in favour of the Clearing Corporation and/or the SPV (“Regulatory Dispensations”).

REGULATIONS

11. Notwithstanding the provisions of the Regulations made pursuant to Chapter II of the Bye-laws and the Circulars issued thereunder, the functioning and operations of the SPV as a clearing member shall be subject to the provisions of this chapter.
12. The SPV shall perform all obligations as specified by the Clearing Corporation from time to time subject to the provisions of this chapter and the circulars issued thereunder.
13. Any modifications to the functioning and operations of the Clearing Corporation with the SPV, including as set out in the provisions of this chapter or the circulars issued hereunder, shall be mutually agreed by the parties of the Operational Agreement.

RULES

14. The Rules of the Clearing Corporation shall be applicable to the SPV subject to the provisions of this chapter.

CLEARING MEMBERSHIP

15. Before the operationalization of the Connect, SPV shall fulfil the applicable requirements for registration as a clearing member and register itself as a Self- Clearing Member with the Clearing Corporation.
16. SPV shall, on an ongoing basis, fulfil the requirements as set out in this Chapter, and any applicable Rules, Regulations, circulars of IFSCA and other statutory/regulatory authorities, subject to the Regulatory Dispensations.

CLEARING AND SETTLEMENT OF DEALS**17. ADMISSION OF DEALS**

The Clearing Corporation shall admit the deals of the SPV in respect of the Products as defined under the Collaboration Agreement and as specified from time to time. Upon matching on NSE IFSC, the matched SPV trades will be novated to, and admitted for clearing by the Clearing Corporation. Through novation, the Clearing Corporation shall interpose itself between the SPV and other party (who is a clearing member of the Clearing Corporation) to every trade admitted for clearing, being the legal counterparty to both parties to the trade.

18. CLEARING AND SETTLEMENT OPERATIONAL PROCEDURES

The SPV shall effect clearing and settlement of the deals in accordance with the operational procedures as specified by the Clearing Corporation from time to time subject to the provisions of this chapter and the circulars issued thereunder.

19. NETTING AND SETTLEMENT FINALITY

- a. The payment and settlement in respect of all deals by SPV shall be determined on a net basis through Netting. Such payment and settlement shall be final, irrevocable and binding on the SPV.
- b. When a settlement has become final and irrevocable, the right of the Clearing Corporation to appropriate any collaterals or deposits or margins provided by the SPV towards its settlement or other obligations in accordance with these Byelaws shall take priority over any other liability of or claim against the SPV in accordance with the provisions of these Byelaws.
- c. For the avoidance of doubt, it is hereby declared that the net settlement, referred to in Byelaw 18b of this Chapter above is final and irrevocable as soon as the amount payable as a result of such settlement is determined, whether or not such money, securities or other transactions is actually paid.
- d. For the purpose of Byelaw 18a of this Chapter, "Netting" means the determination by the Clearing Corporation of a single net payment by or to the SPV by setting off or adjustment of the inter-se obligations or claims arising out of buying and selling of securities, including the claims and obligations arising out of the determination by the Clearing Corporation, on the insolvency, winding-up, liquidation or resolution of the SPV or such other circumstances as the Clearing Corporation may specify in its bye-laws, of the transactions admitted for settlement at a future date, so that only a single net claim be demanded, or a single net obligation be owed.
- e. For the avoidance of doubt, it is hereby declared that the provisions of the bye law 18d, shall also apply to the claims and obligations arising out of close out of deals on account of default of the SPV or on occurrence of default by the Clearing Corporation as stated in the Operational Agreement or winding down of the Clearing Corporation under chapter XII of these Byelaws.

20. RIGHT OF THE CLEARING CORPORATION

The right of Clearing Corporation to recover the dues from SPV, arising from the discharge of its clearing and settlement functions, from the collaterals, deposits and the assets of the SPV, shall have priority over any other liability of or claim against the SPV.

21. CLOSEOUT

A deal admitted for clearing and settlement may be closed out on failure of SPV to comply with any of the provisions relating to payment and settlement of deals.

DEALINGS BY SPV

22. JURISDICTION

All deals admitted by the Clearing Corporation for clearing and settlement shall be deemed to have been entered into in IFSC unless provided otherwise expressly by the Relevant Authority.

23. RECORD FOR EVIDENCE

The record as maintained by a central processing unit or a cluster of processing units or computer processing units, whether maintained in any other manner shall constitute the agreed and authentic record in relation to any deals cleared and settled through the Clearing Corporation. For the purposes of any disputes regarding clearing and settlement of deals, the records as maintained by the Clearing Corporation shall constitute valid evidence in any dispute or claim.

24. SPV ONLY PARTY TO DEALS

The Clearing Corporation shall recognize only SPV as party for all the deals cleared by the SPV and SPV shall directly and wholly be liable for its deals. No other third-party including members of SGX and/or their clients shall be considered as Constituents of the SPV for the purpose of the Bye-laws, Rules and Regulations of the Clearing Corporation.

25. INVOLABILITY OF ADMITTED DEALS

All the deals shall be in-violable and shall be cleared and settled in accordance with the operational procedures as specified by the Clearing Corporation from time to time subject to the provisions of this chapter and the circulars issued thereunder. However, the Clearing Corporation may act on the annulment of a deal by NSE IFSC in accordance with its prescribed procedure.

26. EXCLUSION OF LIABILITY OF CLEARING CORPORATION

The Clearing Corporation shall not be liable for any activity of SPV or any person acting in the name of the SPV whether authorized or unauthorized including deals cleared and settled through the Clearing Corporation save and except as and to the extent provided in the Bye-laws, Regulations, Collaboration Agreement or Operational Agreement.

MARGINS

27. MARGINS

The margin requirements for the deals cleared by the SPV including the forms of such margin requirements shall be as per the operational procedures specified by the Clearing Corporation from time to time subject to the provisions of this chapter and the circulars issued thereunder and the SPV shall fulfil its margin obligations in accordance with the aforesaid procedures.

28. UTILISATION FOR FAILURE TO MEET OBLIGATIONS

In the event of default or failure by the SPV to meet obligations to the Clearing Corporation arising out of clearing and settlement operations of its deals, the Relevant Authority shall be entitled to utilise any amount paid by the SPV in the form of margin or any other payment retained by the Clearing Corporation for the purpose of clearing and settlement.

ARBITRATION

29. The Clearing Corporation shall not provide any arbitration or any other dispute resolution mechanism for resolution of disputes between SPV and any other party dealing with SPV including members of SGX and/or their clients who shall not be considered as Constituents of SPV for the purpose of these Byelaws.

30. Any resolution mechanism for the disputes between SPV and the Clearing Corporation or any other parties to the Operational Agreement or the Collaboration Agreement shall be as specified in the respective agreements.

SETTLEMENT GUARANTEE FUND

31. The SPV shall not be required to contribute to the Settlement Guarantee Fund of the Clearing Corporation.

DEFAULT MANAGEMENT

32. Default and consequences of default of the SPV or the Clearing Corporation shall be dealt with as under:

a. Default by SPV:

- i. The following circumstances may be deemed to be default by SPV:

1. failure to maintain the prescribed minimum liquid net worth;
2. failure to provide collateral to meet the margin or collateral requirements within the agreed timelines in accordance with the Operational agreement; or
3. failure to meet its settlement obligations, whether partially or wholly.

- ii. In the event of SPV's default, the Clearing Corporation may at its sole discretion implement any or all default management actions as set out below:

1. Imposing restrictions on trading activity
2. Closing out of positions
3. Invocation and utilization of collateral

b. Default by the Clearing Corporation:

- i. The following circumstances may be deemed to be default by the Clearing Corporation:

1. failure to provide collateral to meet the margin or collateral requirements within the agreed timelines in accordance with the Operational agreement; or
2. failure to meet its settlement obligations to SPV, whether partially or wholly.

In the event of the Clearing Corporation's default, SGX-DC may invoke and utilise the collateral provided by the Clearing Corporation towards fulfilment of shortfall in settlement obligations and/or losses arising due to resulting closing out of SPV's positions, without prejudice to any outstanding claims by SGX-DC towards the Clearing Corporation after the utilisation of collateral.

33. The SPV shall not be subject to any default management procedures of the Clearing Corporation in relation to the default of any other Clearing Member.

WINDING DOWN OF CLEARING CORPORATION

34. Subject to the provisions of Byelaw 18 and notwithstanding anything contained in chapter XII of these Byelaws, in case of winding down of the Clearing Corporation, close-out price for SPV's outstanding positions shall be as specified in circulars issued by the Clearing Corporation from time to time subject to the provisions of this chapter.

Byelaws Chapter XII – WINDING DOWN OF THE CLEARING CORPORATION

1. Definitions:

Winding Down/Wind Down of the Clearing Corporation

Winding Down of the Clearing Corporation shall mean the procedure for the termination of Critical Operations and Services of the Clearing Corporation and shall not include any insolvency or other liquidation proceedings against the Clearing Corporation as an incorporated company under any statutory enactment.

Critical Operations and Services of the Clearing Corporation

The operations and services such as collateral management, risk management, clearing and settlement shall be deemed to be critical operations and services of the Clearing Corporation.

2. Scenarios for Winding Down of Clearing Corporation

The Clearing Corporation may Wind Down its operations voluntarily or involuntarily in the following scenarios.:

A. Voluntary Winding Down of the Clearing Corporation

The Clearing Corporation is solvent and meeting all its obligations to both Clearing Members as well as other creditors but chooses to Wind Down and exit the business as a strategic decision.

B. Involuntary Winding Down of the Clearing Corporation**1. Winding Down of the Clearing Corporation due to default losses**

A large member default may exhaust the default management resources maintained by the Clearing Corporation, and the Clearing Corporation may become unable to fulfil its obligations towards clearing members.

2. Winding Down of the Clearing Corporation due to non-default losses

The Clearing Corporation may need Winding Down in absence of Clearing Member defaults, e.g. due to large operational / non-operational expenses and /or business / investment losses leading to Clearing Corporation being unable to make payments to other creditors and erosion of Clearing Corporation's net-worth, even though there is no default and the settlements have been happening in a timely manner.

3. Winding Down procedure**3.1 Voluntary Winding Down:**

Voluntary Winding Down of a Clearing Corporation shall be approved by the Governing Board and shareholders of the Clearing Corporation. After the approval of the Board and shareholders, the Clearing Corporation shall approach Authority for approval.

After receiving the approval of Authority, the Clearing Corporation shall inform the market participants regarding its decision to Wind Down voluntarily and shall also mention a sufficient notice period of six months for Winding Down so as not to have a significant impact in the financial system.

Since the Clearing Corporation is solvent, it will have the choice of continuing full range of operations or perform only Critical Operations and Services during the Winding Down period. However, Critical Operations and Services of the Clearing Corporation will be continued during the notice period.

The procedure for voluntary Winding Down shall be as follows:

If the Specified Exchange intends to continue its business, it must engage with another clearing corporation identified by the Specified Exchange (Designated Clearing Corporation) within the notice period. Clearing Members of the Clearing Corporation will have to become members of the Designated Clearing Corporation before the end of the notice period. Alternatively, members may close-out their open positions.

Any open positions at the Clearing Corporation will be transferred to the Designated Clearing Corporation at the end of notice period. Any open positions that cannot be transferred on account of members failing to create clearing arrangements at the Designated Clearing Corporation within notice period, or the Specified Exchange being unable to engage the Designated Clearing Corporation in the notice period, will be closed out at the daily settlement price of the Termination Day and in terms of the provisions of the Rules, Byelaws and Regulations of the Clearing Corporation.

Termination Date for the purpose of this chapter shall be the date on which all outstanding positions shall expire at the daily settlement prices, and a single claim will be arrived at for each Clearing Member

Return of assets

Collateral and membership deposits of non-defaulting members, and the unutilized Core SGF contributions of clearing members and Specified Exchanges will be returned by the Clearing Corporation.

3.2 Winding Down due to default losses

The Clearing Corporation may Wind Down under a scenario in case of one or multiple large defaults leading to all of its own resources in the default waterfall being exhausted, and all recovery measures having failed.

3.3 Winding Down due to non-default losses

The Clearing Corporation may Wind Down due to large operational / non-operational expenses and /or business / investment losses leading to Clearing Corporation being unable to make payments to other creditors and erosion of Clearing Corporation net-worth.

The procedure for Winding Down in case of the above scenarios under 3.2 and 3.3 shall be as follows:

1. The Clearing Corporation shall announce a Termination Date, with the approval of Authority.
2. All open positions shall expire at the daily settlement prices of the Termination Date, and a single claim will be arrived at for each Clearing Member
3. The close out transaction or claim amount shall be settled by payment to the Clearing Member, in case of member's gain, or by receipt from the member, in case of member's loss.
4. The close out transaction or claim amount shall be settled following the Termination Date but not later than two Days following the Termination Date.
5. Before paying out any amount under the above sub-clause, Clearing Corporation shall have the right to recover therefrom any amount payable by the member to Clearing Corporation.
6. The operations of the Clearing Corporation will be halted from next day after the Termination Date
7. The close-out transactions shall be final and binding upon the member.

Amendments to Rules of NSE IFSC Clearing Corporation Limited

Chapter I-

CHAPTER 1: DEFINITIONS

1. AUTHORITY

"Authority" means the International Financial Services Centres Authority established under sub-section (1) of section 4 of the IFSCA Act.

8. International Financial Services Centre or IFSC

"International Financial Services Centre or —IFSC" shall have the same meaning as assigned to it under clause (g) of sub-section (1) of Section 3 of the IFSCA Act

For the purpose of this chapter, the serial numbers shall accordingly be renumbered.

Chapter 2- Board

The following provisions shall be modified as under

- (7) The Board is empowered to vary, amend, repeal or add to Bye Laws and Rules framed by it with prior approval of Authority, if any.
- (8) The Members of the Board and of such committees as may be identified by the Board shall adhere to the Code of Ethics as specified by Authority.

Chapter III- Clearing Membership

The following provisions shall be modified as under

1. ELIGIBILITY

(1) The following persons shall be eligible to become Clearing Members of the Clearing Corporation:

- a. Companies as defined in the Companies Act, 2013; and
- b. Any other entity as may be permitted by Authority

CHAPTER V: DISCIPLINARY PROCEEDINGS, PENALTIES, SUSPENSION AND EXPULSION

The following provisions shall be modified as under

2. PENALTY FOR BREACH OF RULES, BYE-LAWS AND REGULATIONS

Every Clearing Member shall be liable to suspension, expulsion or withdrawal of all or any of his Clearing Membership rights and/or to payment of fine and/or to be censured, reprimanded or warned for contravening, disobeying, disregarding or wilfully evading of any of these Rules, Byelaws and Regulations or any resolutions, orders, notices, directions, decisions or rulings thereunder of the Clearing Corporation, Securities Contracts

(Regulation) Act, 1956 and/or Rules and Regulations thereunder, International Financial Services Centres Authority Act, 2019, International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 or directions or guidelines thereunder, the Board of Directors, Committee(s), Managing Director or any officer of the Clearing Corporation or for any disreputable or fraudulent transactions or dealings or method of business which the Board of Directors in its absolute discretion deems unbecoming a Clearing Member of the Clearing Corporation or inconsistent with just and equitable principles.

3. PENALTY FOR MISCONDUCT, UNBUSINESSLIKE CONDUCT AND UNPROFESIONALCONDUCT

1. Misconduct

- d. Breach of Rules, Bye Laws and Regulations : If he shields or assists or omits to report any Clearing Member whom he has known to have committed a breach or evasion of any Bye Laws, Rules and Regulation or of any resolution, order, notice or direction thereunder of the relevant authority or of any Committee or officer of the Clearing Corporation authorised in that behalf; Securities Contracts (Regulations) Act, 1956 and/or Rules and Regulations thereunder, International Financial Services Centres Authority Act, 2019, International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 or directions or guidelines thereunder.

FOR NSE IFSC Clearing Corporation Limited

Vivek Singhvi

CEO

